

Following the House of Representatives vote on H.R. 3590, the Senate Health Care bill, I want to provide you with an update on this important issue facing our state and country. I support more centrist reforms to lower health care costs but oppose the Senate bill. I want to tell you why.

More Centrist Reforms Were Rejected

I strongly support reforms to lower the cost of health insurance and cover Americans with pre-existing conditions. That is why I authored the Medical Rights and Reform Act, H.R. 3790. Under our centrist Reform Act, we cover Americans with pre-existing conditions and advance three major reforms:

1. [The Medical Rights Act](#) : Under our bill, Congress shall make no law interfering with the personal decisions that you make with your doctor,
2. Lawsuit Reform: By applying the lawsuit reforms (recently eliminated in Illinois) similar to successful California reforms, we could reduce defensive medicine, saving over \$200 billion annually, and
3. Granting Americans Interstate Rights: Our bill grants the right to all Americans to buy health coverage from any state in the union, especially if you find a plan that is less expensive or more flexible for your family or small business. This improves choice and competition for each American.

Unfortunately, the Congressional leadership did not permit a debate on our bill. Instead, the House was only allowed one vote on the health care bill adopted by the Senate. I opposed this bill but it passed by a vote of 219 to 212 and will shortly be signed into law by the President.

Senate Health Care Bill Overview

Under the Senate bill, the Congress will increase spending by \$1.2 trillion, including \$940 billion for new subsidies, \$144 billion for new mandates, \$70 billion to administer the bill and \$41 billion in unrelated spending. To attempt to pay for the bill, Congress will raise taxes, cut Medicare and borrow a historic amount of money. To pass the Senate, the bill also included the “Louisiana Purchase”, “Cornhusker Kickback” and “Gatoraide” that advantaged Louisiana, Nebraska and Florida over the people of Illinois.

Raising Insurance Premiums on Illinois Families

While the American people overwhelmingly want to lower health insurance costs, the bill increases costs because it requires Americans to buy health insurance that includes new mandates for coverage. On average, an Illinois family of three currently pays \$5,438 annually for insurance in the individual market. According to the Congressional Budget Office, under the bill, a family in the individual market will see an annual increase of at least \$2,100 to a total of \$7,538 per year, affecting over 600,000 people in Illinois.

On March 4, the Chicago Tribune reported that for “more than half-million consumers in individual health plans, base rates will go up from 8.5 percent to more than 60 percent.” The non-partisan Congressional Budget Office reported that the bill’s provisions that double the tax on health insurers, drug makers and medical devices will all be passed on to patients in the form of higher health costs and rising insurance premiums.

Raising Taxes on Illinois Families

The bill imposes 12 new federal taxes, imposing over \$500 billion in new payments to the government, including over \$23 billion in taxes on the people of Illinois. Among the new taxes was a new “Individual Mandate Tax” (IMT) of \$2,250 per household or 2% of household income. The bill increases the Medicare payroll tax and does not adjust this for inflation. Therefore, like the infamous Alternative Minimum Tax (AMT), the new Medicare tax will soon reach most middle class families as inflation pushes more Americans into its bracket.

The bill also increases the capital gains tax. Most economists worry that too many businesses plan for the short-term, hurting long-term economic growth. That is why investments which are held for longer periods of time pay a lower capital gains tax. The Senate bill reverses this wise

policy by imposing a new 3.8% tax on capital gains, raising the rate from 15% to 23.8% by 2013.

Raising Taxes on Illinois Small Business

Half of all people employed in Illinois work in a small business and over 80% of job losses during this Great Recession have been from small business employers. Nevertheless, this legislation requires the federal government to levy a new \$52 billion tax on small businesses, even though unemployment now tops 12% in Illinois. The bill begins a new \$2,000 tax on small business with over 50 employees. Over 21,600 small businesses in Illinois could be subject to this new tax. This tax applies to part-time as well as full-time workers. The follow-up Reconciliation Bill also includes an unprecedented extension of the Medicare tax to all non-wage income.

Putting Illinois Jobs at Risk

Both Americans for Tax Reform and the Heritage Foundation estimated that the new taxes and Medicare cuts in the bill would cost over 600,000 job opportunities per year or an estimated 26,042 fewer Illinois jobs. The bill also has a number of budget gimmicks to hide spending. Once the Social Security Trust Fund, long-term health care and student loan gimmicks are removed, the bill adds \$755 billion to the federal deficit or \$2,460 in new debt for each man, woman, and child.

Here is a look at the estimated national job losses under the bill:

Sector

Jobs

Agriculture, forestry, fishing and hunting

-5,441

Mining

-5,478

Construction

-43,316

Manufacturing

-105,229

Wholesale trade

-47,663

Retail trade

-84,339

Transportation and warehousing

-36,806

Utilities

-5,271

Information

-26,342

Financial Activities

-77,269

Professional and business services

-132,596

Educational services

-32,102

Leisure and hospitality

-49,682

Other services

-46,564

Total

-698,098

Cuts to Senior Health Care in Illinois under Medicare

The legislation stands for the principle that we should cut senior health care under Medicare to fund a new entitlement spending program. Over 40 million seniors depend on Medicare for their health care. Under the Senate bill, the federal government would cut over \$500 billion from Medicare. This includes cutting over \$200 billion from Medicare Advantage, cancelling the Medicare choice of over 120,000 Illinois seniors.

Here is a summary of the top Medicare cuts:

Medicare Advantage	-\$202	Billion
Home Health	-\$39	Billion
Medicare Part B	-\$25	Billion
Hospital DSH Payments	-\$25	Billion
Medicare Part D	-\$10	Billion
Medical Imaging	-\$1	Billion
Preventative Services	-\$700	Million
Durable Medical Equipment	\$	Billion
Power-Driven Wheelchairs	\$800	Million
Hospice	-\$100	Million
Medicare Improvement Fund	\$20	Billion
Medigap	-\$100	Million
Total Medicare Cuts		
-\$523	Billion	

Increasing the Debt of Illinois

Under the federal Medicaid program for the poor, states must pay half of all costs. As you know, the State of Illinois has one of the highest deficits of any state, totaling over \$12 billion. Spending on the Illinois Medicaid program rose 65% from \$8 billion in 2001 to \$13 billion in 2008 to now cover 2.4 million people. Under the Senate Health Care bill, Illinois would have to cover an additional 400,000 people, adding an additional \$1 billion to the state's deficit over

five years.

Health care under Medicaid is already deteriorating. Over 9,000 doctors in Illinois refuse to accept Medicaid patients (28% nationwide), in part because it takes Illinois over 100 days to pay for services.

Expansion of the IRS

About the only jobs created by the legislation would be at the IRS. According to the non-partisan Congressional Budget Office, the IRS would need to hire over 16,000 people – over 700 just in Illinois -- to audit the American people and impose the new taxes and mandates of the bill. New IRS agents would verify if you have acceptable authority, fine you up to 2% of your income for failure to prove that you have purchased “minimum essential coverage,” confiscate your tax refund and conduct audits. Under the bill, nearly half of the new individual mandate taxes will be paid by Americans earning less than \$66,150 for a family of four.

Conclusion

I voted against this legislation because it costs Illinois jobs, raises taxes and deepens the debt our children must one day pay. Unfortunately, the bill passed the House and is ready for the President's signature into law. I wish that a more modest set of reforms could have been approved that did not have such harsh consequences for our economy.

[In the coming days, I will outline policies and legislation that will reduce spending, lower the debt and prevent new taxes on the American people.](#) While we did not prevail in this contest, I will continue to work and ensure a strong economy and bright future for every Illinois citizen.

Very truly yours,

Mark Kirk
Member of Congress